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BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPT. OF TRANSPORTATION
OFFICE

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Computer Reservations System (CRS)
Regulations

) Docket OST-97-2881 - 181
) Docket OST-97-3014 - 48
) Docket OST-98-4775 - 93

SUPPLEMENTAL REPLY COMMENTS OF
AEROVIAS DE MEXICO, S.A. DE C.V.

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October 25, 2000

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Regulations)	Docket OST-98-4775

REPLY COMMENTS OF AEROVIAS DE MEXICO, S.A. DE C.V.

Aerovias de Mexico, S.A. de C.V. ("Aeromexico"), a flag carrier of Mexico, respectfully replies to various comments filed in the above-captioned dockets concerning Internet travel sites and the questions posed by the Department in its July 24, 2000 Supplemental Advance Notice of Proposed Rulemaking. Aeromexico submits that it would not be appropriate to impose additional regulations on Internet travel sites at this time.

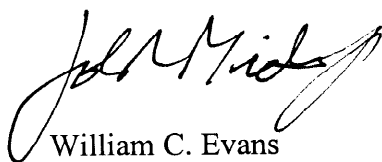
Internet travel sites now provide essential public benefits to the traveling public. Healthy airline competition relies, in part, on ensuring that potential travelers are aware of competitive alternatives. The Internet offers a cost-effective, relatively barrier-free means to disseminate this information. A variety of Internet travel sites have developed as a result. Travelers can obtain information not only from large, CRS-driven Internet travel "portals," but also from other independent travel sites, online auction sites, and airlines' own Internet sites. This free flow of information ultimately enhances competition, not only between Internet travel sites, but between airlines as well. By reducing airline ticket distribution costs, particularly in conjunction with

ticketless travel, Internet ticket sales also allow airlines to provide lower-cost transportation options, another significant public benefit.

With such a record of public benefits, the Department need not and should not impose regulations on Internet travel sites at this time. Several commenters have noted that the Administration's 1997 Framework for Global Electronic Commerce ("Framework"), available at www.ecommerce.gov, counsels against undue restrictions on electronic commerce and urges the private sector to lead, noting that "innovation, expanded services, broader participation, and lower prices will arise in a market-driven arena, not in an environment that operates as a regulated industry." Indeed, full-scale application of traditional CRS rules to Internet travel sites could even increase the cost of Internet ticket distribution to the point where existing benefits of Internet travel sites would be compromised. Even lesser levels of regulation imposed solely on Internet sites could stifle innovation and raise distribution costs. Regulatory costs that force Internet travel sites out of the market, deter the entry of new Internet travel sites, or eliminate the distribution cost savings that drive low-fare Internet offerings plainly would not be in the public interest absent a compelling record of particular, demonstrable harms associated with Internet distribution. Some commenters have raised the general *potential* of Internet travel sites and practices to harm airline competition, but absent more specific evidence of actual problems, it is appropriate for the Department to exercise the regulatory restraint described in the Framework.

The Internet travel industry will continue to evolve even more quickly than the CRS industry, and it will remain important for the Department to monitor the competitive atmosphere for airline distribution over the Internet. Should the Department conclude that its intervention in this vibrant market ultimately is necessary, that intervention should be narrowly tailored to address a particular harm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John R. Mietus, Jr.", with a stylized flourish at the end.

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